

Section B-6

Personal Financial Management

The contents of this Toolkit have been developed to assist you in your efforts to support family readiness. Every effort has been made to ensure that the information provided is current and accurate. However, because statutory and regulatory changes may have occurred since the publication of this Toolkit, the Office of the Assistant Secretary of Defense for Reserve Affairs cannot assume responsibility for its continued accuracy. Before taking any significant action based on the contents of this Toolkit, you should contact your Family Readiness Program representative or legal officer, as appropriate, to secure the most current information.

Personal Financial Management

Servicemembers' Group Life Insurance (SGLI)

All members of the Uniformed Services are automatically insured under Servicemembers' Group Life Insurance (SGLI). This is a group life insurance policy purchased from a commercial insurance carrier by the Veteran's Administration. SGLI is granted under provisions of Title 38, United States Code. An individual policy is not issued to the member. The insurance issued under this policy is term insurance; therefore there is no loan, cash, paid-up, or extended insurance value. Members can be insured up to \$250,000 unless an election is filed reducing the insurance by \$10,000 increments or canceling it entirely. The cost for this coverage is \$.80 per \$10,000 or \$20.00 per month for the maximum of \$250,000. A monthly premium will be deducted from the service member's pay. Coverage is for 24 hours per day, 365 days a year. SGLI may be converted upon release from active duty, active duty for training, initial active duty for training (IDT), or upon separation from the Ready Reserve, to VGLI or to a commercial life insurance policy effective at the end of the 120-day SGLI extension period.

SGLI Family Coverage

SGLI Family Coverage will become effective on November 1, 2001. It is available for the spouses and children of active duty service members and members of the Ready Reserve of a uniformed service. To participate in Family Coverage, members must be enrolled in SGLI. Members enrolled in SGLI on November 1, 2001, will automatically be enrolled in Family Coverage for the maximum amount unless the member completes Form SGLV 8286A and returns it to the personnel office. After November 1, 2001, members may enroll in Family Coverage at the same time they enroll in SGLI. The maximum amount of Family Coverage available for spouses is \$100,000. However, the spouse's coverage cannot exceed the member's amount of SGLI coverage. Each dependent child of members enrolled in SGLI will automatically be insured for \$10,000, regardless of whether the spouse is covered. Children will be covered to age 18, or up to age 23 if the child is attending a recognized educational institution.

A copy of SGLV Form 8286 and instructions are included. This form must be completed if members want less than \$250,000 coverage or decline the insurance.

Directions To Personnel Clerks Of The Uniformed Services

1. Complete all appropriate items on this form. All entries except the signature and those requested to be in the servicemember's own handwriting, must be typed or printed in ink.
2. Include the name, address, and social security number (if available) of the beneficiary(ies), and the relationship of the beneficiary(ies) to the servicemember (e.g. father, sister).
3. If a servicemember wants to designate a beneficiary other than would be normal under his or her family circumstances, see "Unusual Beneficiary Designations" in the *Servicemembers' Group Life Insurance Handbook*, Handbook 29-75-1.
4. An authorized agent of the Uniformed Service must witness the signature of the servicemember. This representative must sign his or her name below that of the servicemember and should include the date he or she received the form.
5. This form, properly completed, is authority to a payroll office to initiate or change the deductions for insurance premiums if the amount of insurance is changed or cancelled.
6. Inform the servicemember that if he or she has questions about this form, he or she may obtain the advice of a military attorney at no expense to the servicemember.
7. **After the form is completed in its entirety**, you should:
 - Make two photocopies of the completed form (page 2)
 - Distribute as follows:

Original Copy (page 2) - Must be promptly filed in the official personnel file of the member

Photocopy 1 (page 2), **Directions to Servicemember** (page 3), and **Introduction to VA Benefits** (page 4) - To servicemember

Photocopy 2 (page 2) - To the Active or Reserve component of the Uniformed Service.

Note: Please do not send any of the forms or copies to the Office of Servicemembers' Group Life Insurance or to the Department of Veterans Affairs.

Please read the instructions before completing this form.

Servicemembers' Group Life Insurance Election and Certificate

Use this form to: (check all that apply)

- ☐ Name or update your beneficiary
- ☐ Reduce the amount of your insurance coverage
- ☐ Decline insurance coverage

Important: This form is for use by Active Duty and Reserve members. This form does not apply to and cannot be used for any other Government Life Insurance.

Last name First name Middle name

Rank, title or grade

Social Security Number

Branch of Service (Do not abbreviate)

Current Duty Location

Amount of Insurance

By law, you are automatically insured for \$250,000. **If you want \$250,000 of insurance**, skip to *Beneficiary(ies) and Payment Options*. **If you want less than \$250,000** of insurance, please check the appropriate block below and write the amount desired and your initials. Coverage is available in increments of \$10,000. **If you do not want any insurance***, check the appropriate block below and write (in your own handwriting), "I do not want insurance at this time."

- ☐ I want coverage in the amount of \$_____ Your initials_____
- ☐ _____

(Write "I do not want Insurance at this time.")

***Note:** Reduced or refused insurance can be *only* be restored by completing form SGLV 8285 with proof of good health and compliance with other requirements and will also affect the amount of VGLI you can convert to upon separation from service.

Beneficiary(ies) and Payment Options

I designate the following beneficiary(ies) to receive payment of my insurance proceeds. I understand that the principal beneficiary(ies) will receive payment upon my death. If all principal beneficiaries predecease me, the insurance will be paid to the contingent beneficiary(ies).

Complete Name (first, middle, last) and Address of each beneficiary	Social Security Number (if known)	Relationship to you	Share to each beneficiary (Use %, \$ amounts or fractions)	Payment Option (Lump sum or 36 equal monthly payments)
Principal				
1.				
2.				
Contingent				
1.				
2.				
3.				

I HAVE READ AND UNDERSTAND the instructions on pages 2 and 3 of this form. I ALSO UNDERSTAND that:

- **This form cancels any prior beneficiary or payment instructions.**
- The proceeds will be paid to beneficiaries as stated in #6 on page 3 of this form, unless otherwise stated above.
- If I have legal questions about this form, I may consult with a military attorney at no expense to me.
- I cannot have combined SGLI and VGLI coverages at the same time for more than \$250,000.

SIGN HERE IN INK ➤ _____

(Your signature. Do not print.)

Date: _____

Do not write in space below. For official use only.

WITNESSED AND RECEIVED BY:

RANK, TITLE OR GRADE

ORGANIZATION

DATE RECEIVED

Directions To Servicemember

What You Should Know

This insurance is granted under the Servicemembers' Group Life Insurance provisions of Title 38, United States Code, and is subject to the provisions of that title and its amendments, and regulations promulgated thereto.

This form must be correctly completed, signed and received by your Uniformed Service before your death in order for this designation to be valid. An authorized agent of the Uniformed Services should witness your signature.

Periods of Coverage. This insurance is in effect throughout the period of full-time active duty or active duty for training. Coverage is also in effect on a full-time basis for reservists who are assigned to a unit or position in which they may be required to perform active duty or active duty for training and each year will be scheduled to perform at least 12 periods of inactive duty training that is creditable for retirement purposes under Chapter 67 of Title 10. Coverage continues for 120 days following separation or release.

Instructions On Completing This Form

1. Type or print in ink all items except where otherwise noted.

2. Naming Beneficiaries

- A. A new SGLV-8286 must be completed to change your beneficiary. You may name anyone as beneficiary without his/her knowledge or consent.
- B. If the beneficiary is a married woman, use her given first and middle names. For example, use Mary Lisa Smith, instead of Mrs. John Smith.
- C. A named beneficiary will **NOT** be changed automatically by any event occurring after you complete this form (e.g. marriage, divorce, etc.). Your beneficiary cannot be changed by, and is not affected by, any other documents such as a divorce decree or will.
- D. If you want to name more than two principal beneficiaries, or more than three contingent beneficiaries, list those beneficiaries on a separate sheet and write "See attached list" under the *Principal* or *Contingent* block. The separate sheet must contain your signature, social security number, and the date, and must be attached to this form.
- E. If you name minor children as beneficiaries, the insurance will be paid to the court-appointed guardian of the children's estate.
- F. You can establish a trust for the benefit of the children and name the trust as beneficiary. A trust names a trustee of your choice to be legally responsible for administering the insurance proceeds for the children. Naming a trust as a beneficiary on this form does **NOT** create a trust. Before naming a trust as beneficiary, you should consult a military attorney for assistance.

3. **Social Security Number** - Do not delay completing this form if you do not have a beneficiary's social security number. The social security number helps us to locate the beneficiary, but is not required.

4. **Shares to each beneficiary** - If you name more than one beneficiary, the sum of the shares must equal 100% or the full dollar amount of your insurance.

Example: mother	\$125,000		50%		1/2
<u>father</u>	<u>\$125,000</u>	or	<u>50%</u>	or	<u>1/2</u>
Total	\$250,000		100%		1

5. **Payment Option** - You may choose whether you want the beneficiary to receive payment in one lump sum or in 36 equal monthly payments by writing "lump sum" or "36" in the column labeled *Payment Option*. If you choose 36 payments, the beneficiary cannot choose to receive a lump sum payment. If you want the beneficiary to have a choice at the time of payment, write "lump sum" or leave the block blank.

6. Provisions For Payment Of Insurance

- A. If you name more than one principal beneficiary and one or more predeceases you, the share(s) will be divided equally among the remaining principal beneficiaries, unless otherwise stated. If there are no surviving principal beneficiaries, the proceeds will be divided among the contingent beneficiaries.
- B. If you do not name a beneficiary, or if there are no surviving beneficiaries, or if you indicate that payment should be made *by law*, the proceeds will be paid in the following order:
 - 1. Widow or widower
 - 2. Children in equal shares (the share of any deceased child will be distributed equally among the descendants of that child)
 - 3. Parent(s) in equal shares or all to surviving parent
 - 4. A duly appointed executor or administrator of your estate
 - 5. Other next of kin

What Your Beneficiaries Should Know

Upon your death, your beneficiary(ies) should send a claim to the Office of Servicemembers' Group Life Insurance, 213 Washington Street, Newark, NJ 7102-2999. Your beneficiary may also call 1-800-419-1473 for claim information.